

Message Text

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17

ACTION EB-11

INFO OCT-01 EUR-25 NEA-14 ISO-00 AEC-11 AID-20 CEA-02

CIAE-00 CIEP-03 COME-00 DODE-00 FPC-01 H-03 INR-11

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SP-03 SS-20 STR-08 TRSE-00 FRB-03 FEA-02 PA-04

PRS-01 USIA-15 DRC-01 /193 W
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R 080945Z SEP 74

FM AMEMBASSY ABU DHABI

TO SECSTATE WASHDC 2012

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY TEHRAN

C O N F I D E N T I A L ABU DHABI 1215

E.O. 11652: GDS

TAGS: ENRG, TC

SUBJECT: ABU DHABI'S NEW PARTICIPATION AGREEMENT

REF: A. LONDON 11454; B. ABU DHABI 1196 (BOTH NOTAL)

KUWAIT ALSO PASS DOHA AND MUSCAT

1. IN LIGHT INFORMATION ON NEW PARTICIPATION AGREEMENT
OBTAINED BY AMBASSADOR STERNER FROM IPC MANAGING DIRECTOR
(REF A) WHICH SLIGHTLY AT VARIANCE WITH OUR PREVIOUS
REPORT ON SAME SUBJECT (REF B), I AGAIN CONTACTED ALAN
TURNER, GENERAL MANAGER, ABU DHABI PETROLEUM CO. (ADPC).
HE CONFIRMED THAT, CONTRARY TO WHAT HE HAD ORIGINALLY TOLD
ME, ADPC HAD AGREED TO PRICE OF 94.8 PERCENT OF POSTED FOR
MONTH OF JUNE WITH 94 PERCENT BEING PRICE FOR FIRST
FIVE MONTHS OF YEAR. (CONFUSION AROSE BECAUSE AGREEMENT
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ACTUALLY EXPRESSED IN TERMS OF SINGLE PRICE PER BARREL

FOR FIRST SIX MONTHS, WITH THAT PRICE BEING WEIGHTED AVERAGE OF 94 FOR FIVE MONTHS AND 94.8 FOR ONE. ADD TO THAT THE FACT THAT WHEN HE TALKED TO ME, TURNER HAD ONLY FOUR HOURS SLEEP AFTER LATE SIGNING OF AGREEMENT PREVIOUS EVENING, AND SLIP UNDERSTANDABLE.)

2. AS FOR CONTINUATION OF TALKS IN LONDON, IT CLEARLY WOULDN'T HAVE TAKEN MUCH PERSUASION ON SHAIKH ZAYID'S PART TO CONVINCE OTAIBA TO TRY AGAIN FOR GREATER PURCHASE COMMITMENT FROM ADPC. AS OTAIBA SAID TO ME, HE FELT ONLY ALTERNATIVE TO INCREASED ADPC PURCHASES WOULD BE CUT IN PRODUCTION. KEY QUESTION IS WHETHER ZAYID INTRODUCED GREATER DEGREE OF FLEXIBILITY IN ADG POSITION ON PRICES THEN EVIDENCED IN ADG-ADPC NEGOTIATIONS HERE--AND IN OTAIBA'S APPEAL TO ME (REF B).
PEALE

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Message Attributes

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30 JUN 2005

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